

Driving Factors and Challenges of The China-Japan-Korea Free Trade Area: China's Perspective

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Abstract. As early as 2002, the leaders of China, Japan and South Korea proposed the idea of establishing a China-Japan-Korea Free Trade Area (CJK FTA), and negotiations began in 2013. However, a series of frictions among the three countries subsequently occurred. Continuously slowing down the progress of free trade area negotiations. When the leaders of the three countries met in May 2024, they once again raised the hope of establishing a free trade area. The initiative that has lasted for more than 20 years has yet to be realized. This paper analyzes the internal motivations for China's proposal to establish a free trade area and the reasons for its continued failure to realize the plan. It further explores the role of economic and political factors in this process and proposes suggestions on this basis to continue to promote the construction of the China-Japan-Korea Free Trade Area, aiming to further deepen cooperation in East Asia and enhance the overall strength level of the region.

Keywords: Free trade agreement; Northeast Asia; international relations; multilateralism.

1. Introduction

In 2002, Chinese Premier Zhu Rongji, Japanese Prime Minister Junichiro Koizumi and South Korean President Kim Dae-jung proposed the concept and commitment of establishing a China-Japan-Korea Free Trade Area. Until the start of the free trade area negotiations in 2013, some warm-up actions were carried out during the period. For example, the Joint Study Report for an FTA among China, Japan and Korea was released in 2012, marking the release of important research results from the government, private sector and academic circles. It paved the theoretical way for the cooperation in the CJK FTA. In the same year, the first investment agreement between the three countries, the "Agreement between the Government of the People's Republic of China, the Government of Japan and the Government of the Republic of Korea on the Promotion, Facilitation and Protection of Investment" was successfully signed, and the three countries also agreed to start the free trade area negotiation process.

However, as the negotiations progressed, the Sino-Japanese Diaoyu Islands dispute, the conflicts between China and South Korea over the deployment of Terminal High Altitude Area Defense (THAAD), and the outbreak of the semiconductor trade war between Japan and South Korea have all widened the distance between the three countries and reduced confidence in establishing a free trade area. After the last round of negotiations on the CJK Free Trade Area concluded in 2019, the 17th round of negotiations has not yet begun. Although the three countries expressed their hope to restart the free trade area negotiation process at the China-Japan-Korea Leaders' Summit in May 2024, specific measures have not yet been implemented. In 2023, China's total GDP was 17.17 trillion, Japan's was 4.62 trillion, and South Korea's was 1.76 trillion, accounting for 18.5%, 4.98%, and 1.90% of the world's total economic output respectively [1]. In total, it accounts for approximately 25.37% of the total global GDP, exceeding GDP of NAFTA. If successfully established, it will become a landmark success in economic cooperation in East Asia and even around the world.

Among them, China ranks first among the three countries in terms of GDP volume, total import and export volume, and the degree of perfection of the industrial system. Therefore, China's attitude and participation in the establishment of a free trade zone greatly affects the prospects of the free trade zone and the benefits of its output. Therefore, this paper starts from China's perspective and analyzes China's internal motivation to participate in the construction of free trade zones and the

challenges it faces from three perspectives: economics, domestic politics, and diplomacy. The paper demonstrates how China can leverage its strengths and avoid weaknesses to accelerate the process of free trade zone construction.

Since the leaders of China, Japan, and South Korea proposed the establishment of a China-Japan-South Korea Free Trade Area in 2002, scholars from these three countries, and even around the world, have conducted extensive and lively exchanges. These exchanges have focused on the possibility of establishing the Free Trade Area and the negotiation prospects from economic and political perspectives, as well as the significant benefits that would emerge after its establishment.

2. Literature Review

The analysis at the economic level provides an optimistic perspective for the establishment of the China-Japan-Korea Free Trade Area. Due to the huge economic size, market size and trade scale of the three countries, Madhur, S believes that the establishment of the Free Trade Area will realize the capitalization of regional trade cooperation that Asia has dreamed of for many years and bring about an increase in the GDP of each country [2]. Similarly, Hyo Sang Yoo pointed out the rapid economic growth and important position of the three countries in the world economy, and noted the long-term economic integration of China, Japan and South Korea [3]. For each country, Yuming Cui believes that all three countries will benefit from it. China has benefited from the huge export value brought by free trade, Japan may recover from its stagnant economy through the free trade area, and South Korea can improve the flexibility of its market to resist the financial crisis.

However, due to the similar industrial structures of Japan and South Korea, the two countries may be more inclined to reach a bilateral free trade agreement with China alone than a free trade area among the three countries [4]. Karen Jackson studied how trade friction between China and the United States can strengthen China's willingness to establish a free trade area [5]. In addition, Cheong's research pointed out that while some production sectors in each country benefited, some production sectors were also damaged. Specifically, China's labor-intensive industries benefited while high-tech industries suffered. In Japan and South Korea, the opposite was true. This is consistent with the evidence, a prediction made by the Heckscher-Ohlin model of international trade theory [6].

The external market cannot be ignored either. Min-Hua Chiang pointed out the important impact of the U.S. market on East Asian countries. Even if the internal trade volume of East Asia increases, the reduction in U.S. market demand still has an important impact on the economic conditions of East Asian countries [7]. From an economic standpoint, more academics have highlighted the significant economic benefits that underpin the creation of the China-Japan-Korea Free Trade Area, despite the fact that there are still barriers in the way.

However, at the political level, the establishment of the China-Japan-Korea Free Trade Area faces much resistance at home and abroad. Madhur, S pointed out that sectors damaged by free trade, such as China's high-tech industries such as semiconductors and electric vehicles, and Japan's agricultural sector, will prevent the establishment of free trade areas through lobbying, bribery, stakeholder privileges, etc. Maintain the sector's advantage in the domestic market [2]. Among the three countries, Yuming Cui noted that factors such as historical wars, political distrust, and territorial disputes are all challenges faced in establishing a free trade area [4]. Similarly, Youngmi Choi believes that the international relations pattern during the Cold War still exists in Northeast Asia and has become an important guide for Northeast Asian countries to formulate foreign policies [8]. Muhui Zhang points out the deeper reason, that is, the three countries cannot determine a leader, at least between China and Japan. China is looking for its own leadership position in RCEP while Japan hopes to be the leader of TPP. Compared with promoting these organizations, the two countries have little interest in the CJK FTA [9]. Especially for China, Harold's analysis points out that for Chinese analysts, even the economic interests of South Korea, Japan, and the United States stand in the way of the creation

of a free trade area; the hegemonic interference of the US will become a factor to be taken into account [10].

Most scholars have a pessimistic attitude toward the establishment of the CJK FTA, regardless of whether it is analyzed from the political level within the three countries, between each other, or at the international level. They think that even the China-Japan-Korea Free Trade Area can have a significant positive economic impact in the current circumstances. Nor can interests make up for the obstacles posed by the many political differences.

Few studies provide in-depth examination as experts, but the great majority highlight the advantages and difficulties associated with the three countries' construction of a free trade area. Although it gives an overall impression of the prospects and challenges of the establishment of the CJK FTA, it is difficult to explain from the perspective of a single country how the state, as an actor, plays a role in domestic society on the one hand and in the international system at the same time. Therefore, this paper takes China, the single country with the largest economy among the three countries and the most extensive influence on the establishment of the free trade area, as the perspective, and observes the trends in the establishment of the free trade area through the eyes of the participants.

The fundamental reason for establishing a free trade zone is that it is profitable from an economic perspective. Thus, this paper starts with the economic perspective. By showing the benefits that China, which is economically huge, can gain from the China-Japan-Korea Free Trade Area and the challenges that trade liberalization brings, it analyzes China's gains and losses in this cooperation.

However, the free trade area is not just about economic cooperation but also requires consultations between countries. The diplomacy between China, Japan and South Korea, and the relationship between China, Japan and South Korea and external countries, especially the United States, which has a great influence on Japan and South Korea, will all affect the development of the free trade area. The establishment is successful or not. A country's foreign policy is inseparable from the influence of domestic politics, so analysis within the country is equally important.

Finally, based on the understanding of the above three points about China's participation in the construction of free trade zones, relevant countermeasures and suggestions will be discussed and put forward. This paper uses international trade theory, two-level game model and geopolitical analysis to analyze China's participation in free trade zones. It examines the opportunities and difficulties and puts forth recommendations and countermeasures, including political and economic plans, to encourage the creation of the free trade zone.

3. Economic Impacts

From an economic perspective, China's considerations for joining the CJK FTA can be discussed separately from the agriculture, manufacturing and service industries. In different industrial fields, China has certain advantages and disadvantages.

3.1. Agriculture

Table 1 illustrates the most-favored-nation tariff rates of China, Japan, and South Korea based on the WTO's classification of agriculture and non-agriculture. In the year 2023, the weighted average applied MFN tariff rates for China, Japan, and Korea were 3.0%, 1.9%, and 8.4%, respectively, while the simple average applied MFN tariff rates were 7.5%, 3.7%, and 13.4%, respectively.

In 2023, the weighted average applied MFN tariff rates for agricultural products were 13.1%, 12.6%, and 94.0%, respectively, while the simple average applied MFN tariff rates for agricultural products of China, Japan, and Korea were 14.0%, 12.2%, and 57.0%, respectively. In 2023, the weighted average applied MFN tariff rates for non-agricultural products were 2.2%, 1.0%, and 3.4%, respectively, while the simple average applied MFN tariff rates for non-agricultural products of China, Japan, and Korea were 6.4%, 2.4%, and 6.5%, respectively.

Table 1. Applied MFN Tariff Rates of China, Japan and Korea

(Unit: %)		China	Japan	Korea
Simple (2023)	Total	7.5	3.7	13.4
	Agriculture	14.0	12.2	57.0
	Non-Agriculture*	6.4	2.4	6.5
Weighted (2023)	Total	3.0	1.9	8.4
	Agriculture	13.1	12.6	94.0
	Non-Agriculture*	2.2	1.0	3.4

The three nations also enforce numerous non-tariff trade protection measures in addition to a few temporary tariffs. Based on the information presented in the table, China, Japan, and South Korea have implemented higher tariffs in an effort to safeguard the growth of their respective domestic agricultural product industries. Specifically, the weighted average tax rate on agricultural items in South Korea has approached 100%.

The establishment of the CJK FTA will reduce or even eliminate trade barriers between the three countries and will form a trade model in which China exports low-priced labor-intensive agricultural products to Japan and South Korea, and Japan and South Korea process these primary products and export them. To China. While China's agricultural sector benefits from the trade, Japan and South Korea may refuse to cooperate with China due to concerns about domestic grain production. Secondly, for China, rising demand will inevitably lead to China's increased investment in primary agricultural products. Although China's grain output is huge, per capita grain resources are limited. Coupled with the expanding market demand, it is likely to lead to an increase in domestic agricultural product prices, increasing the cost of living for the general public. Finally, the Chinese government emphasizes industrial transformation and upgrading. Although China has great advantages in labor-intensive industries, in the long-term, China may change its role as an exporter of original products.

3.2. Manufacturing

For the manufacturing, the top five product categories of imported industrial products from China, Japan, and South Korea are analyzed to access the impact of the China-Japan-Korea Free Trade Zone on China's industry. All referenced tax rates are based on the Most Favored Nation (MFN) tariff rate.

For China, the top five industrial product categories in terms of import share are minerals and metals (28.8%), electrical machinery and electronic equipment (21.1%), petroleum (16.3%), chemicals (7.6%), and mechanical, office and Computing machinery (6.8%). China has imposed average tariffs of 6.1%, 5.3%, 5.3%, 6.3% and 6.6% on these five categories of products respectively. For Japan, the top five industrial product categories by import share are minerals and metals (26.4%), petroleum (13.8%), electrical machinery and electronic equipment (13.8%), chemicals (11.9%), and mechanical, office and computing machinery (7.9%). Japan has imposed average tariffs of 1.0%, 0.6%, 0.1%, 2.1% and 0.0% on these five categories of products respectively. For South Korea, the top five industrial products in terms of import share are minerals and metals (23.7%), petroleum (18.1%), electrical machinery and electronic equipment (18.1%), chemicals (10.7%), and mechanical, office and computing machinery (9.3%). South Korea has levied average tariffs of 4.5%, 4.4%, 5.0%, 5.5% and 5.6% respectively on these five categories of products [11]. These data suggest that none of the three countries imposes higher tariffs on industrial products, except in some sensitive industrial fields.

Therefore, trade liberalization provides consumers in the three countries with cheaper and richer varieties of goods. China's subsidies for electric vehicles in recent years have caused dissatisfaction in many countries. For example, the European Union has imposed tariffs on electric vehicles made in China. However, the development of electric vehicles in Japan and South Korea lags behind China. The realization of the China-Japan-Korea Free Trade Area will instead Economic growth in Japan and South Korea provides more impetus.

3.3. Services Sectors

The development of the service industry has gradually become an important driving factor for economic growth. The contribution of the service industry to GDP has reached 54.6%, 74% and 60% to 65% in China, Japan and South Korea respectively. Thus, the service industry plays a very important role in the economies of the three countries. The establishment of the China-Japan-Korea Free Trade Area will further expand the growth of the service industry.

The GDP share of China's service industry had been rising steadily before the COVID-19 epidemic. Although it fell back in 2020, it has begun to recover. At constant prices, the added value of China's service industry increased by an average annual rate of 7.4% from 2013 to 2021, which is high. The average annual growth rate of gross domestic product (GDP) is 0.8 percentage points. From 2012 to 2019, the service industry's contribution to GDP increased from 45% to 63.5%, an increase of 18.5 percentage points. In 2023, China's service trade export volume was \$332,054,789,988, and its import volume was \$539,888,111,869 [12]. As shown in the Figure 1, this deficit has continued in recent years.

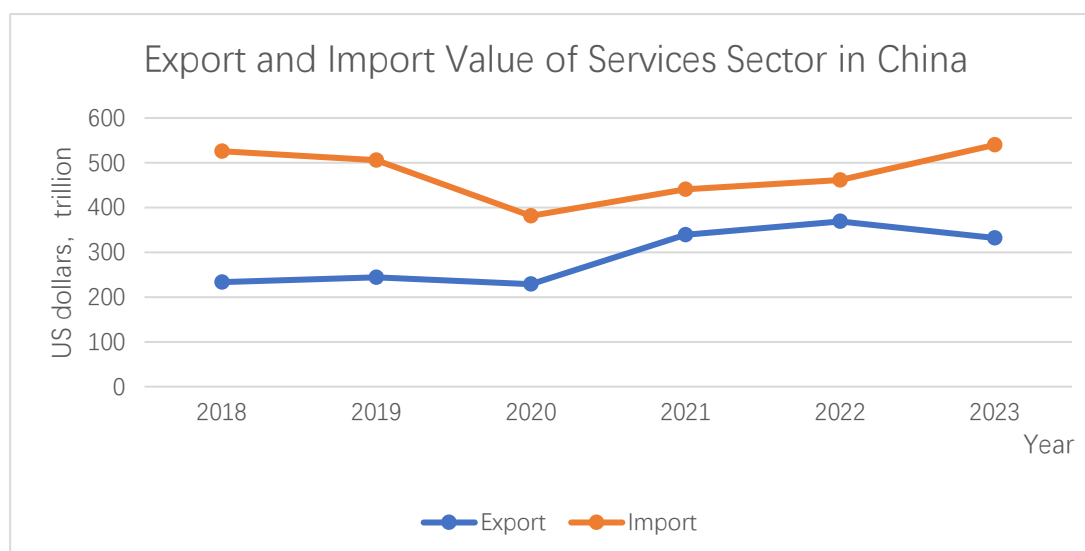


Fig. 1 Export and Import Value of Services Sector in China

Service liberalization trade can improve China's economic competitiveness, raise consumer and producer welfare, and best utilize its production factor allocation. In order to advance the expansion of trade in services and advance shared interests, negotiations ought to focus on reducing barriers that raise export costs. The CJK FTA can facilitate trade, encourage collaboration, increase capital and products flows, lower prices, foster efficiency and innovation, and enhance service quality by lowering obstacles and enhancing transparency. The manufacturing sector will gain from increased productivity in the service sector, which will also lower intermediate product service costs. Simplifying visa requirements and corporate employee mobility agreements would encourage talent exchanges and provide several shared advantages.

At the same time, the establishment of the China-Japan-Korea Free Trade Area is also expected to make up for China's service trade deficit, increase the competitiveness of the domestic market, and may even transform many domestic industries, such as finance and telecommunications, into export-oriented industries. This development will promote the improvement of regional cooperation on a broader level.

In summary, the huge benefits that trade liberalization among the three countries has brought to China, which has also become a strong impetus for China to participate in the construction of the CJK FTA. However, the difficulty that must be overcome in the construction of the China-Japan-Korea Free Trade Area is the complex and ever-changing political situation in East Asia. The next analysis is the motivation and resistance of China's construction of a free trade area in the political field.

4. Domestic Political Influences

As the largest developing country with a large population, China's domestic politics, like its domestic market, will have a significant impact on the world. The following three aspects can reveal the impact of China's domestic politics on the CJK FTA. The first is the policy direction of the Chinese government. The intensity of the CJK FTA on the agenda will affect the resources China invests in it. Secondly, domestic stakeholders may promote or hinder the construction of free trade zones through lobbying and expressing demands through the National People's Congress. Finally, in recent years, nationalist sentiments have become prevalent within China, especially Japan-phobia, which has become increasingly serious, which may have an impact on China's foreign policy.

4.1. Policy Priority

Since China joined the WTO in 2001, it has signed more and more economic cooperation agreements. In 2013, the economic cooperation framework "One Belt, One Road" initiative initiated and led by China was proposed. Subsequently, many countries joined the One Belt, One Road economic cooperation framework, among which Most are Asian and African countries. The Belt and Road Initiative has clear strategic significance. As the leader of the initiative, China will further consolidate and enhance its role as a leader in developing countries. The "One Belt, One Road" initiative is regarded by the Chinese government as a core component of the "Great Power Diplomacy" strategy. This positioning is far more important than the China-Japan-Korea Free Trade Area, for which negotiations have been suspended. It has enhanced China's international image and voice. Both are larger than the CJK FTA. Therefore, rather than establishing a three-country free trade area, the Chinese government may focus more on expanding and improving the Belt and Road economic cooperation framework.

On January 1, 2022, the Regional Comprehensive Economic Partnership Agreement (RCEP) came into effect, surpassing the European Union and becoming the world's largest free trade area, including China, Japan and South Korea. To replace the role of replacement. However, RCEP is a large-scale free trade area including 15 countries. First of all, its leader is ASEAN, not any one of China, Japan and South Korea. It provides limited convenience for the exchange of goods between China, Japan and South Korea. Secondly, China, Japan and South Korea It said that the agreement reached by RCEP will not be directly included in the CJK FTA but will jointly promote the two agreement processes separately. Finally, the experience provided by RCEP to the cooperation between the three countries may make the construction plan of the CJK FTA more comprehensive. Mature, it will benefit the markets of the three countries more.

4.2. Stakeholders

As analyzed in the economic impact section, the establishment of free trade zones has different impacts on different industries. However, there are huge internal differences in China's economic development level and uneven industrial distribution, resulting in different interests in various regions. Free trade zone creation may be supported by manufacturing and export-oriented companies, but it may be opposed by some low-value-added product generating industries because of worries about outside competition. In addition, the Chinese government emphasizes industrial transformation and upgrading, especially in high-tech industries, hoping to get rid of dependence on key foreign technologies, which to a certain extent hinders the advancement of free trade zones. Conflicts of interest between industries may further evolve into conflicts between regions. Coastal economically developed areas have rich international trade experience and strong overseas investment foundations and are more inclined to establish free trade zones and benefit from them, but inland areas, especially Provinces that rely on traditional industries may face serious unemployment problems after the establishment of the free trade zone and therefore oppose the construction of the free trade zone.

China's special national conditions also mean that state-owned enterprises play a decisive role in the economy. If state-owned enterprises are worried that the open market will bring fierce competition

and lead to a decline in profits, it will hinder the establishment of free trade zones. However, opening the market is also an opportunity to enter overseas markets. opportunities, which may also encourage state-owned enterprises to support the construction of free trade zones. Due to the huge gap in China's domestic development level, the attitudes expressed by various interest groups are extremely divided, and the final attitude will be the result of the game between all parties.

4.3. Nationalist Sentiment

Most of China's nationalist sentiments stem from historical issues with Japan. The Diaoyu Islands dispute and Japanese dignitaries' visits to the Yasukuni Shrine have caused great dissatisfaction among the domestic people. These dissatisfactions have been spread and amplified in China, where the Internet and self-media are developed. Incidents of boycotting and destroying Japanese products are common. Another example is when South Korea deployed the THAAD missile system, which also aroused anti-South Korean sentiment among the people. Sales of South Korean cars in China were cut in half, and a large number of Chinese tourists canceled travel to South Korea. These public hostility towards Japan and South Korea have become obstacles to the establishment of a free trade area.

At the same time, these negative emotions may affect the public's attitude towards foreign companies entering the Chinese market and create a sense of distrust towards Japanese and Korean companies, thereby compressing the living space of foreign companies in China, making it difficult to sell well, making it difficult for investment to land, and reducing the cost of free trade zones. benefits from implementation.

In summary, China's domestic political situation has a volatile role in the establishment of free trade zones. Therefore, if the government implements certain measures, it can steer the domestic political situation in a direction that is conducive to the construction of free trade zones.

5. Impacts of International Relations

As a means of economic diplomacy, the construction of the free trade zone is affected by and affects international relations. The relationship between the participants in the free trade zone, China, Japan and South Korea, and the relationship between China and Japan and South Korea's closest ally, the United States. All of these have a great impact on the construction of free trade zones.

5.1. Relationships among China, Japan, and South Korea

The trilateral relationship between China, Japan and South Korea has two distinctive features. One is geopolitical tension, and the other is the lack of leaders. We might as well refer to the successful cases of the free trade area, the EU and NAFTA. Most EU countries have participated in the North Atlantic Treaty Organization, which has the guarantee of collective security. The Schengen countries even have open borders and free exchanges. At the same time, France and Germany have become the core of stabilizing the EU. Strength has made the EU stable for more than 30 years. NAFTA is because the United States has an absolute advantage among the three North American countries, there is no risk of war, and a stable free trade system has been established with the United States as the leader.

However, there are territorial disputes between any two of China, Japan and South Korea, which will become a huge obstacle to the construction of the China-Japan-South Korea Free Trade Area in terms of geopolitical issues. At the same time, the tension on the Korean Peninsula may also alienate the distance between the three countries, making Japan and South Korea more dependent on the security guarantee of the United States due to security considerations. Secondly, the three countries, especially China and Japan, are each seeking their own regional leadership. China, as the largest economy after the United States, hopes to expand its influence through economic cooperation initiatives such as the Belt and Road Initiative, while Japan is also seeking to expand its influence in the Indo-Pacific region. This mutual competition for leadership may drive the two countries further apart and hinder the negotiation process between China and Japan.

5.2. Global Impact

The analysis of China's international relations on a global scale will be explained by taking the United States, an ally of Japan and South Korea and having huge interests in Northeast Asia, as an example. Affected by the U.S. trade war in recent years, China and the United States have been severely decoupled and disconnected. The construction of the China-Japan-Korea Free Trade Area will reduce China's dependence on the U.S. market, giving China an advantage in facing competition with the United States. However, due to the close alliance between Japan and South Korea and the United States, both countries are highly dependent on the United States for security and economy. It is difficult to act in the opposite direction of the United States. If the United States exerts pressure on Japan and South Korea, the terms of the trade may not be passed.

At the same time, in order to limit China's technological progress and get rid of its dependence on China in the supply chain, the United States has restricted semiconductor imports from China through technological and economic alliances, and has roped in Japan and South Korea to join the "Indo-Pacific Economic Framework IPEF" to replace China-Japan-Korea Free Trade Area has brought economic benefits to Japan and South Korea, and imposed supply chain restrictions on China, shifting production in key areas out of China, and reducing the depth and closeness of cooperation between China, Japan and South Korea.

To sum up, China faces many challenges at the international relations level. China needs to take corresponding measures to eliminate the impact of negative factors as much as possible in order to clear obstacles for the construction of the CJK FTA at the diplomatic level.

6. Suggestions

In response to the current situation analyzed above, a series of effective policy suggestions can be put forward from three aspects: economy, domestic politics and diplomacy to accelerate China's construction of the China-Japan-Korea Free Trade Area.

6.1. Economy

First of all, for manufacturing, China, Japan and South Korea have similar import needs, so they can deepen supply chain cooperation with Japan and South Korea in the fields of manufacturing, energy, chemical industry and other fields, and optimize industrial layout. As the country with the largest manufacturing industry, China can promote the integration of industrial chains among the three countries, ensure the stability and security of the regional supply chain, and reduce dependence on external markets. Secondly, in terms of green economy, the three countries have common development needs, and China is in a leading position in green technology. Therefore, China should strengthen cooperation with Japan and South Korea in green technology, environmental protection industry and clean energy, and promote the development of green supply chains in the region. formation to inject sustainable impetus into future economic growth.

Secondly, for the service industry, which accounts for a small proportion compared with Japan and South Korea and has been running deficits for consecutive years, China should expand market access to the service industry, especially in fields such as finance, logistics, information technology, and tourism. China should speed up the market opening of the service industry and improve the competitiveness and internationalization level of the service industry. In addition, the development of export-oriented service industries can alleviate the deficit and further develop the level of the service industry, promoting China's service industry, especially in the fields of finance, information and communications, medical care and education, to become an export-oriented industry. By strengthening cooperation with the outside world, attracting foreign direct investment, improving the quality of service, and gradually reducing the service trade deficit.

Finally, the international development of small and medium-sized enterprises should be supported. China can use policy support to incentivize small and medium-sized businesses to take part in cooperative initiatives involving South Korea, Japan, and China. Small and medium-sized businesses

should be given financial support and preferential market access regulations in order to enable them to grow their international competitiveness and penetrate new markets in Korea and Japan. Additionally, we may develop a platform for collaboration that will assist small and medium-sized businesses in finding partners and prospects for cooperation by offering financial, technical, and market support. And it will be beneficial to promote more cross-border cooperation projects for small and medium-sized enterprises by holding economic and trade exchange meetings and investment promotion activities.

6.2. Domestic Policy

On the domestic front, the government mainly needs positive guidance. The Chinese government can use public diplomacy and media guidance to downplay domestic nationalist sentiments, especially regarding the historical issues between Japan and South Korea. By promoting cultural and educational exchanges between the three countries, we can cultivate a more positive public attitude and create a favorable public opinion environment for the free trade area negotiations.

In addition, the practical benefits brought by economic cooperation will also strengthen mutual trust among enterprises among the three countries. China can encourage enterprises and industry associations to strengthen cooperation with Japan and South Korea, promote economic exchanges among the people of the three countries, and enhance the relationship between enterprises and consumers in the three countries. Trust each other. This kind of cooperation at the private level can provide more support for free trade area negotiations and reduce political risks.

6.3. Diplomacy

First, within China, Japan and South Korea, China should actively promote dialogue and reconciliation with Japan and South Korea on issues left over from history and alleviate the confrontation of nationalist sentiments through cultural exchanges, non-governmental cooperation and other means. This will help reduce political obstacles in free trade area negotiations, especially in Sino-Japanese relations, and push both sides to get out of the dilemma of historical issues and focus on future economic cooperation.

In addition, China can ease the security concerns between China, Japan and South Korea through regional security dialogue mechanisms, such as establishing political mutual trust through cooperation on the Korean Peninsula issue, thereby enhancing security coordination among China, Japan and South Korea and reducing the impact of external factors on the three countries. negative impacts of economic cooperation. At the level of economic diplomacy, China should actively participate in other multilateral trade frameworks (such as RCEP) and bilateral free trade negotiations while promoting free trade area negotiations to avoid the sluggish impact of the China-Japan-Korea Free Trade Area on regional economic development. In addition, China can use the “Belt and Road” initiative to strengthen cooperation with Japan and South Korea in third-party markets and further consolidate economic ties.

Regarding the alliance between Japan, South Korea and the United States, China should flexibly handle issues involving technology and strategic fields in free trade area negotiations, avoid directly touching on terms that may trigger U.S. opposition, and at the same time adopt other forms of economic cooperation, such as in green economy and infrastructure. At the same time, innovation should also be encouraged, and breakthroughs in high-tech fields should be sought as much as possible to increase bargaining chips.

In summary, China possesses implementable measures in these three areas to facilitate the establishment of the China-Japan-Korea Free Trade Area and open up new avenues for regional economic cooperation.

7. Conclusion

The construction of the CJK FTA has gone through many twists and turns. Although there are many challenges, the economic complementarity and common interests between the three countries still provide a solid foundation for the prospects of the free trade area. As the largest economy among the three countries, China plays a vital role in the construction of the free trade zone. By comprehensively considering the complex factors of economy, domestic politics and international relations, China must adopt proactive strategies to deal with challenges and promote the realization of the free trade area.

Firstly, from an economic perspective, the establishment of the free trade zone will bring significant economic benefits to China, especially in terms of expanding trade scale, improving industrial competitiveness, and promoting service industry exports. By lowering tariffs and reducing trade barriers, China, Japan and South Korea will achieve win-win results in many fields such as agriculture, manufacturing and services. China needs to seize this opportunity to further promote industrial upgrading and enhance its position in the global supply chain.

Secondly, domestic political factors are still the key to China's promotion of free trade zone construction. Stakeholder demands, pressure for industrial restructuring, and nationalist sentiments may pose challenges to the negotiation and implementation of free trade zones. The Chinese government should flexibly balance the interests of all parties, actively guide public opinion, and ensure that the domestic environment supporting free trade zones is optimized.

Finally, international relations, especially China's relations with Japan, South Korea and the United States, have had a profound impact on the process of the free trade area. The historical issues and security concerns between China, Japan and South Korea, as well as the geopolitical game in Sino-US relations, are all major considerations in free trade area negotiations. China must strengthen political mutual trust with Japan and South Korea, avoid external pressure from interfering with the construction of the free trade area, and promote deeper economic cooperation in the region through flexible diplomatic strategies.

In principle, the China-Japan-Korea Free Trade Area will contribute to the improvement of East Asia's overall competitiveness in addition to promoting economic growth among the three nations. Facing the complex political and economic environment, China needs to adopt a series of pragmatic countermeasures and promote the smooth implementation of the free trade zone through parallel multilateral and bilateral cooperation. This will not only help improve China's status in the international economic system but will also establish a solid foundation for long-term peace and prosperity in East Asia.

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